GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1369
ANSWERED ON:02.03.2001
REGIONAL RURAL BANKS
GIRDHARI LAL BHARGAV;RASA SINGH RAWAT

Will the Minister of FINANCE be pleased to state:

(a) The profit/losses incurred by each Regional Rural bank during the last three year;

(b) the total amount as loan provided by these banks during the above period and the amount recovered out of it;

(c) the total NPA of these banks as on date; and

(d) the steps taken by the Government to reduce the NPA of these banks and revive the loss making banks ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) : The profit/loss of Regional Rural Banks (RRBs), loarprovided by them during the last three years i.e. 1997-98, 1998-99 & 1999-2000 and recovery percentage as on 30th June, 1997, 1998 & 1999 are furnished RRB-wise in the Annexure.

(c) & (d) : The total NPA of the RRBs was Rs.3039 crore as on 31st March, 2000.The steps taken to reduce the NPA of RRBs and revive the loss making banks are as under :-

i) Sponsor Banks have formulated Development Action Plan (DAPs)/Memoranda of Understanding (MoU) for ensuring time bound performance on the part of their RRBs for reduction of NPA and reviving loss making RRBs;

ii) Guidelines on income recognition, asset classification and provisioning were made effective to RRBs since the year ending 31st March, 1996 and NPAs are identified by each RRBunder these guidelines with reference to the year-end position NPAs are fundamentally based on the recovery position of the banks who were advised to evolve strategies to reduce NPAs by concentrating on recovery of old dues.

iii) the RRBs have been asked to initiate sustained efforts towards monitoring and recovery of NPAs and avoid creation of new NPAs.

The above steps have resulted in reduction of NPAs by RRBs.During the last four years, the NPAs of RRBs stand reduced from the level of 43% as at the end of March, 1996 to 36.8% as at the end of March, 1997, 32.8% as at the end of March 1998, 27.7% as at the end of March, 1999 and 23.1% as at the end of March, 2000.